




## DEPARTMENT OF MENTAL HEALTH POLICY/PROCEDURE

SUBJECT: <b>COLLECTING AND REPORTING OF SALES TAX</b>	POLICY NO. <b>400.8</b>	EFFECTIVE DATE <b>03/01/03</b>	PAGE <b>1 of 2</b>
APPROVED BY:  Director	SUPERSEDES	ORIGINAL ISSUE DATE	DISTRIBUTION LEVEL(S) <b>1</b>

### **PURPOSE**

- 1.1 To implement Auditor-Controller instructions of February 26, 2002 regarding reporting of actual sales and sales tax.

### **POLICY**

- 2.1 All Departmental Managers or designees who are engaged in selling merchandise as described in the Auditor-Controller's February 26, 2002 instructions (Attachment I) have the responsibility to ensure that actual sales and sales tax are appropriately receipted, deposited and reported to the Chief of the Accounting Division.
- 2.2 The Chief of the Accounting Division shall be responsible for reporting to the Auditor-Controller all sales and sales tax collected by the Departmental Managers or designees from sales of merchandise as described in Attachment I.

### **PROCEDURE**

- 3.1 When engaging in the sale of any merchandise described in Attachment I, the Departmental Manager or designee shall ensure that sales are properly documented on the Sales Tax Form (Attachment II), deposited and reported to the Accounting Division as required.
  - 3.1.1 A departmental receipt shall be issued to each buyer to record the sales and related sales tax.
  - 3.1.2 Sales of \$500 or more shall be deposited on the same day of the sale.
  - 3.1.3 Sales of less than \$500 shall be deposited within the week of the sale but no later than the last business day of the week.
  - 3.1.4 All sales are to be deposited in the designated local bank or the Treasurer-Tax Collector, as appropriate.
  - 3.1.5 On the next business day immediately following the deposit of the sales, corresponding sales and sales tax information shall be transmitted to the Accounting Division at the following address:



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County of Los Angeles Department of Mental Health  
Financial Services Bureau  
550 S. Vermont Ave., 8<sup>th</sup> Floor  
Los Angeles, CA 90020  
Attention: Accounting Division

- 3.2 Upon receipt of the transmittal of sales and sales tax information from the various Departmental Managers or designees, the Chief of the Accounting Division shall report the sales and sales tax to the Auditor-Controller in a timely manner.

### **ATTACHMENT**

Attachment I - Auditor-Controller letter dated February 26, 2002  
Attachment II – Sales Tax Form

### **REVIEW DATE**

This policy shall be reviewed on or before March 15, 2008.



**COUNTY OF LOS ANGELES  
DEPARTMENT OF AUDITOR-CONTROLLER**

KENNETH HAHN HALL OF ADMINISTRATION  
500 WEST TEMPLE STREET, ROOM 525  
LOS ANGELES, CALIFORNIA 90012-2766  
PHONE: (213) 974-8301 FAX: (213) 626-5427

J. TYLER MCCAULEY  
AUDITOR-CONTROLLER

February 26, 2002

TO: Department Heads

FROM: J. Tyler McCauley  
Auditor-Controller

SUBJECT: **COLLECTING AND REPORTING SALES TAX**

Many County departments sell merchandise to employees and the public to raise funds for various programs which benefit the employees, community and nonprofit organizations. The merchandise includes T-shirts, coffee mugs, caps, etc., and generally shows the County Seal or department logo. The merchandise can range in price from a few dollars to over \$20 per item.

Generally all sales of merchandise are subject to the California sales tax, including the examples listed above. Departments are responsible for collecting sales tax, depositing the sales tax in the County's designated trust account (TK9), and reporting the actual sales and tax collections to the Auditor-Controller. As of January 1, 2002, California sales tax increased to 8.25% in Los Angeles County.

My Department is responsible for coordinating, reporting, and paying sales tax for the County to the California State Board of Equalization. While many departments already collect and report sales tax to my office, some do not.

I recommend that each department review all sales and ensure compliance with the State Board of Equalization requirements. It should be noted that County departments do not need to obtain a seller's permit from the State. However, departments need to work with my office to set up sales tax reporting procedures.

If there are any questions, your staff can call Inetta Naulls at 213.974.8402 or Cindy Griffith at 213.974.8416.

JTM:MMO

c: Administrative Deputies  
Fiscal Officers

## SALES TAX FORM

Program/Clinic Name: \_\_\_\_\_

Cost Center Number: \_\_\_\_\_

Date of Sale: \_\_\_\_\_

Purpose of Sale: \_\_\_\_\_

\_\_\_\_\_

Item Description:Item PriceNo. of ItemsTotal Price

\$ \_\_\_\_\_ x \_\_\_\_\_ = \$ \_\_\_\_\_

\$ \_\_\_\_\_ x \_\_\_\_\_ = \$ \_\_\_\_\_

\$ \_\_\_\_\_ x \_\_\_\_\_ = \$ \_\_\_\_\_

\$ \_\_\_\_\_ x \_\_\_\_\_ = \$ \_\_\_\_\_

\$ \_\_\_\_\_ x \_\_\_\_\_ = \$ \_\_\_\_\_

\$ \_\_\_\_\_ x \_\_\_\_\_ = \$ \_\_\_\_\_

Total Sales : \$ \_\_\_\_\_

Reported Sales Tax 8.25% \$ \_\_\_\_\_

Contact person: \_\_\_\_\_

Print Name

Signature

Title / Position

Telephone No.

DMH sale of merchandise to employees and the public to raise funds for various programs are subject to the California sales tax. Sales tax apply to all merchandise that range in price from a few dollars to over \$20.00 per item. Fill out this form, attach the sales tax collected and deliver to:

DMH - Accounting Division  
Revenue Section - 8th floor.  
550 So. Vermont Ave.  
Los Angeles. CA 90020

Cash collection will be hand delivered, checks can be mailed.